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CANADA - NOVA SCOTIA
Crop Insurance

ANNUAL REPORT

1990 - 1991

THE
NOVA SCOTIA
CROP & LIVESTOCK
INSURANCE COMMISSION

Agriculture Canada

Province of Nova Scotia

92-01073/

His Honour
The Honourable Lloyd R. Crouse, P.C.
Lieutenant-Governor of Nova Scotia

Dear Sir:

I have the honour to transmit herewith the annual report of the Nova Scotia Crop and Livestock Insurance Commission for the year ended March 31, 1991.

I am, Your Honour,

Yours very truly,

George Archibald
Minister of Agriculture and Marketing

The Honourable George Archibald
Minister of Agriculture and Marketing

Sir:

Presented herewith is the 22nd annual report of the Nova Scotia Crop and Livestock Insurance Commission for the fiscal year ended March 31, 1991.

Respectfully submitted
Nova Scotia Crop and Livestock
Insurance Commission

P.A. van Oostrum
Chairman

D.G. MacNeil
Manager

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PROGRAM BACKGROUND

The Nova Scotia Crop Insurance Act was assented to on the 11th day of April 1968 and was amended in 1978 to provide for the administration of the Livestock Insurance program. The Act is presently cited as the Crop and Livestock Insurance Act.

The first Commission was appointed in October 1968. The late S.E. Lewis, former Deputy Minister of Agriculture and Marketing for Nova Scotia, was the first Chairman.

The following have served as Chairmen:

(2nd)	H.B. Fuller	– Horton, Kings Co.
(3rd)	L.C.H. Vissers	– East Stewiacke, Col. Co.
Present	P.A. van Oostrum	– Canard, Kings Co.

The following have served as Commission Members:

*	A.G. LeLacheur	– Agriculture Canada (deceased)
*	R. Taylor	– Berwick, Kings Co. (deceased)
*	W.J. Gibbard	– Tatamagouche, Colchester Co. (deceased)
*	R. Newcombe	– Port Williams, Kings Co.
*	J.D. Johnson	– Dept. Agriculture & Marketing
	E.Reynolds	– Falmouth, Hants Co., (deceased)
	G. Brown	– Wallace Bay, Cumburland Co.
	G. Coldwell	– Port Williams, Kings Co.
	L. Hayman	– Tatamagouche, Colchester Co.
	D. Salt	– Wallace, Cumburland Co.
	W. McCurdy	– Old Barns, Colchester Co.
**	D. Dickinson	– West Brook, Cumburland Co.
	L. Palmer	– Morristown, Kings Co.
	W. Dykstra	– Scotsburn, Pictou Co.
	W. Swetnam	– Sheffield Mills, Kings Co.
**	D. Gunn, Jr.	– Scotsburn, Pictou Co.
**	J. Goit	– Dept. Agriculture & Marketing
**	G. Densmore	– Brookfield, Colchester Co.
**	C. Eaton	– Canard, Kings Co.

* – first members of the Commission
** – present members of the Commission

The Commission administers crop insurance coverage to 11 crop insurance plans, a livestock insurance program, and the tripartite

program for red meats, apples, and honey. In the early spring of 1991, the Commission became involved in the administration of the Gross Revenue Insurance Program (GRIP), covering grains and oilseeds.

The following will provide a summary of when each insurance plan was first implemented.

Spring grain	–	1969	
Winter grain	–	1969	
Tree fruit	–	1970	
Tobacco	–	1971	
Corn (silage)	–	1971	amended in 1973 (one plan)
Corn (grain)	–	1971	
Pea & bean	–	1972	
Lowbush blueberry	–	1973	amended in 1989 (Blueberry plan)
Strawberry	–	1974	
Forage establishment	–	1977	
Dairy livestock	–	1978	
Beef cow/calf	–	1979	
Soybean	–	1986	
Potato	–	1987	
Tripartite stabilization	–	1989	
GRIP	–	1991	

OBJECTIVES AND RESPONSIBILITIES

The primary objective of the Crop and Livestock Insurance Commission is to make available to Nova Scotia farmers programs that will assist them in years of reduced yields, lower revenue, and losses for certain crops and livestock.

Under the Crop and Livestock Insurance Act, the Commission is responsible to administer the Act under the direction, supervision and control of the Minister of Agriculture and Marketing. It is also responsible for the custody and control of the Crop and Livestock Insurance Fund and may engage employees to provide professional, technical, or other assistance to or on behalf of the Commission.

FINANCIAL PARTICIPATION

ADMINISTRATION

The administration of the Crop and Livestock Insurance program is the responsibility of the Commission. It is subject to the provisions under the Nova Scotia Crop and Livestock Insurance Act and the Crop Insurance Agreement between the governments of Nova Scotia and Canada.

The Government of Nova Scotia for the 1990–91 fiscal year contributed 62.5 per cent of the administration costs and 25 per cent of the premium. The Government of Canada contributed 37.5 per cent of the administration costs and 25 per cent of the premium.

The Crop Insurance Agreement for the 1990–91 year was much more extensive and specific because of amendments to the Federal Crop Insurance Act and Regulations.

INSURANCE PLANS IN FORCE

1.	Spring Grain	–	oats, barley, wheat, and mixed grain
2.	Winter Grain	–	rye, wheat
3.	Tree Fruit	–	apples, pears, tree protection
4.	Tobacco	–	flue cured
5.	Corn	–	silage, grain, high moisture
6.	Peas & Beans	–	processing
7.	Blueberries	–	low- and highbush blueberries
8.	Strawberries		
9.	Forage	–	establishment year
10.	Soybeans		
11.	Potatoes	–	processing
12.	Livestock	–	dairy

FEATURES OF THE CROP INSURANCE PLANS

Designated Perils

Wind, frost, drought, disease, excessive moisture, hail, insect infestation, and wildlife.

Type of Insurance

Each insured crop is guaranteed a specific yield based upon the past yield records of each insured. When an insured has no past production records available, a bench mark will be used, either provincial or industry averages.

Quality Guarantee

Losses due to quality may be taken into consideration for the following plans: tree fruit, tobacco, corn (15 per cent moisture), spring and winter grain (bus. wt.)

Premium Discount/Surcharge

The base premium rate for all crop insurance plans, with the exception of forage, shall be adjusted by giving a discount when indemnities paid are less than premium paid or by adding a surcharge when indemnities paid exceed premium. Adjustments will be calculated using the following formula:

$$\left(\frac{\text{Total Indemnity}}{\text{Total Premium}}\right)^{-1} \left(\frac{n}{20 + n}\right)$$

n = number of years insured in plan

Maximum discount shall be 50 per cent

Maximum surcharge shall be 100 per cent

STATISTICAL SUMMARY

APRIL 1, 1990 — MARCH 31, 1991

Plan Name	No. Growers	No. Acres	Total Coverage	Total Premium	Total Indemnities
Spring Grain	170	4,553	$ 545,025	$ 46,808	$ 71,902
Tree Fruit	104	5,125	5,153,832	167,460	9,490
Tobacco	9	427	1,436,089	56,844	0
Pea & Bean	38	2,912	1,129,124	125,224	164,907
Forage 90/91	42	876	37,945	5,270	4,000 *
Corn	36	2,413	463,636	49,637	9,915
Blueberries	125	4,318	1,226,775	60,198	9,022
Strawberries	15	70	96,605	7,213	2,896
Winter Grain	16	1,003	235,670	18,407	60,200 *
Soybeans	6	128	21,367	2,460	0
Potatoes	7	354	311,334	28,779	25,538
Crop Summary	**568**	**22,179**	**10,657,402**	**568,300**	**357,870**

* Claims paid for the 1989-90 crop year

SUMMARY OF CROP INSURANCE PLANS
(1969–1990 CROP YEARS INCLUSIVE)

Plan	No. Years	No. Claims	Total Premium	Claims Paid	Loss Ratio
Spring Grain	22	924	$ 641,252	$ 535,560	.84
Winter Grain	22 *	171	301,409	187,503	.62
Tree Fruit	21	298	1,625,704	1,805,407	1.11
Tree Rider	7	5	56,789	18,896	.33
Tobacco	20	21	633,497	561,296	.89
Corn	20	355	723,931	706,503	.98
Peas & Beans	19	407	1,907,251	1,833,127	.96
Blueberries	18	230	561,072	213,610	.38
Strawberries	17	76	129,710	111,968	.86
Forage	13 *	99	46,998	39,416	.84
Soybeans	5	12	11,681	13,149	1.13
Potatoes	4	9	203,768	78,569	.38
TOTAL		**2,587**	**$6,843,062**	**$4,104,999**	**.60**

* Does not include Summary of 1990–1991 because of claims pending after March 31, 1991.

OPERATIONS SUMMARY OF CROP INSURANCE YEARS
(1969–1991 FISCAL YEARS INCLUSIVE APRIL 1–MARCH 31)

Crop Years	No. Contracts	Total Coverage	Total Premium	Claims Paid	Loss Ratio
1990-1991	568	$10,657,402	$368,302	$357,870	0.63
1989-1990	604	10,432,994	546,257	875,132	1.60
1988-1989	533	10,004,489	530,810	106,632	0.20
1987-1988	597	10,340,565	538,940	158,780	0.29
1986-1987	730	10,179,580	495,952	1,391,647	2.81
1985-1986	730	9,825,539	449,233	506,714	1.33
1984-1985	740	9,671,713	447,710	130,249	0.29
1983-1984	775	8,772,994	441,213	443,804	1.00
1982-1983	700	6,675,736	449,121	125,953	0.28
1981-1982	751	5,851,383	401,675	222,576	0.55
1980-1981	666	4,367,861	312,813	199,141	0.63
1979-1980	695	4,007,142	297,463	302,169	1.01
1978-1979	781	3,752,752	287,315	140,318	0.48
1977-1978	770	3,453,011	261,308	252,676	0.96
1976-1977	601	2,765,862	224,389	90,866	0.40
1975-1976	563	2,285,874	198,925	168,151	0.84
1974-1975	560	2,029,262	164,911	234,230	1.42
1973-1974	492	1,747,875	94,735	246,874	2.60
1972-1973	392	1,562,580	79,343	75,826	0.95
1971-1972	347	766,303	31,789	61,022	1.91
1970-1971	346	882,644	31,937	32,643	1.02
1969-1970	309	337,423	17,700	11,449	0.64

Since the program's implementation in 1969, for every dollar collected in premium $0.89 has been paid out in claims.

SUMMARY OF DAIRY LIVESTOCK INSURANCE PLAN
(APRIL 1, 1978–MARCH 31, 1991)

Years	No. Insured Herds	No. Insured Cattle	Total Premium	Claims Paid	Loss Ratio
1990–1991	280	23,741	$ 30,703.09	$ 7,600.00	$0.25
1989–1990	317	26,221	35,339.52	10,130.00	0.29
1988–1989	313	25,913	35,485.64	7,639.50	0.21
1987–1988	305	25,410	39,104.26	3,200.00	0.08
1986–1987	297	24,538	38,936.11	17,593.05	0.45
1985–1986	269	22,662	39,106.13	36,775.90	0.94
1984–1985	219	18,263	42,030.80	14,459.00	0.34
1983–1984	209	18,037	43,820.40	3,400.00	0.77
1982–1983	205	17,253	42,423.00	21,133.16	0.50
1981–1982	249	20,480	53,326.15	16,120.35	0.30
1980–1981	284	22,817	77,919.61	53,089.50	0.68
1979–1980	403	29,491	86,731.88	60,501.10	0.70
1978–1979	352	26,121	59,198.14	31,744.50	0.54
Total			**$634,124.73**	**$283,386.06**	**0.45**

Since the program was implemented in 1978, for every dollar collected from the insured farmer, $0.45 has been paid out in claims.

DAIRY LIVESTOCK INSURANCE CLAIMS SUMMARY
(APRIL 1, 1988–MARCH 31, 1991)

Insurable Diseases	No. Claim Animals	Total Claims Paid
1. Shipping fever	4	$7,600.00
2. Reportable diseases	0	0
3. Infectious bovine rhinotracheitis	0	0

CLAIM SUMMARY RE: DAIRY LIVESTOCK INSURANCE PLAN
(APRIL 1, 1978–MARCH 31, 1991)

Disease	No. Claim Animals	Total Claims Paid
1. Acute mastitis *	106	$104,291.40
2. Shipping fever	127	154,792.46
3. Infectious bovine rhinotracheitis	23	22,591.50
4. Brucellosis	2	810.70

* This peril is no longer covered.

ACKNOWLEDGEMENTS

The Nova Scotia Crop and Livestock Insurance Commission expresses its appreciation to those whom it insured for their cooperation and assistance during the past year.

Over the past 22 years, the Commission has received excellent cooperation from commodity groups and wishes to recognize and express appreciation for the assistance received.

At this time, the Commission wants to recognize the contribution of its staff for their commitment and dedication to carrying out the responsibilities of the Commission.

CONCLUSION

The 1990 crop year was typical in many respects to other years. There were times when it was difficult to predict the amount of claims to be paid. This was especially true for the barley crop, which experienced one of the worst years owing to the wet, cold spring and the drought conditions during the summer. The same could be said for the pea processing crop. Other crops produced average or above-average yields. The lowbush blueberry and apple crops were significantly above average.

A considerable amount of time was spent by staff in the development of a GRIP program for the 1991 crop season for grains and oilseeds.

COMMISSION OFFICERS

BOARD MEMBERS

P. Van Oostrum, Chairman	– Canard, Kings County
J. Goit, Vice-chairman	– Dept. of Agriculture and Marketing
G. Densmore, Member	– Brookfield, Colchester County
D. Dickinson, Member	– Southampton, Cumberland County
D. Gunn, Jr., Member	– Scotsburn, Pictou County
C. Eaton, Member	– Canard, Kings County

PRINCIPAL OFFICERS

D.G. MacNeil	– Manager
K.G. Bartlett	– Secretary
B.A. Whidden	– Accounting Clerk
B.J. Nelson	– Clerk
B.M. Mahoney	– Supervisor – Field Services
R.F. Saunders	– Regional Field Representative
W.M. Cole*	– Field Representative *(resigned Jan. 91)

AUDITOR

Auditor General	– Province of Nova Scotia

SOLICITOR

J.R.M. Akerman, Q.C.

FIELD STAFF

K. Morton
H. Bosveld
F. Bremner

AUDITOR'S REPORT

To the Minister of Agriculture and Marketing; and

To the Chairman and Members of the
Nova Scotia Crop and Livestock
Insurance Commission

I have audited the balance sheet of the Nova Scotia Crop and Livestock Insurance Commission as at March 31, 1991, and the statement of income and fund balances for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether their financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1991 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 2 to the financial statements.

O.P. Cormier, F.C.A.
Auditor General

Halifax, Nova Scotia
May 17, 1991

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
BALANCE SHEET
AS AT MARCH 31, 1991

ASSETS

Current Assets	**1991**	**1990**
Cash	$ 10,274	$ 3,497
Short-term investments	3,913,633	3,276,326
Accounts Receivable	18,238	13,658
Accrued interest receivable	43,000	19,248
	$ 3,985,145	**$ 3,312,729**

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES		
Unearned premiums	$ 33,700	$ 35,617
Deposits for insurance	2,706	1,039
Provision for payment of unsettled indemnities	24,000	30,000
	60,406	**66,656**
Long-term Liability		
Advance from Province of Nova Scotia	230,000	230,000
Fund Balances		
Crop insurance	3,118,775	2,534,313
Livestock insurance	575,964	481,760
	3,694,739	**3,016,073**
	$3,985,145	**$ 3,312,729**

Approved on Behalf of the Commission

P.O. Van Buskirk
Chairman

Donald J Munn
Member

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
STATEMENT OF INCOME AND FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 1991

	Crop Insurance	Livestock Insurance	Totals 1991	Totals 1990
Revenues				
Insurance premiums (Schedule A)	$ 565,446	$ 34,032	$ 599,478	$ 585,511
Interest income	367,595	68,772	436,367	388,590
	933,041	**102,804**	**1,035,845**	**974,101**
Expenses				
Indemnity claims (Schedule A)	348,579	8,600	357,179	910,938
Administrative expenses (Schedule B)	433,275	25,107	458,382	359,953
	781,854	**33,707**	**815,561**	**1,270,891**
Income (loss) before Government contributions	151,187	69,097	220,284	(296,790)
Government contributions (Note 3)	433,275	25,107	458,382	359,953
Net income	**584,462**	**94,204**	**678,666**	**63,163**
Fund Balance				
Beginning of year	2,534,313	481,760	3,016,073	2,952,910
End of year	$ 3,118,775	$ 575,964	$ 3,694,739	$ 3,016,073

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1991

1. AUTHORITY

The Nova Scotia Crop and Livestock Insurance Commission was established pursuant to Section 2 (1) of the Nova Scotia Crop and Livestock Insurance Act. The function of the Commission is to administer plans of crop and livestock insurance, and conduct programs relating to these plans.

2. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the policy of charging furniture and equipment purchases to expense in the year of acquisition.

3. GOVERNMENT CONTRIBUTIONS

Effective April 1, 1990 the cost-sharing formula for contributions from the Provincial and Federal governments toward crop insurance premiums and administrative expenses changed.

The Federal share of crop insurance premiums decreased from 50% to 25%, and the Provincial share became 25%. Neither the Federal nor Provincial governments cost share in the insurance premiums of the livestock insurance program.

In prior years the Provincial government contributed the total cost of administrative expenses. For the current year the Federal government contributed 50% of the costs associated with the Gross Revenue Insurance Plan and 37.5% of the remaining administrative costs of the Commission. The Provincial government funded all remaining administrative costs.

4. INSURANCE COVERAGE

The total insurance coverage provided as of March 31, 1991 was $33,070,000, comprising crop insurance of $10,657,000 and livestock insurance of $22,413,000.

The Province is party to an agreement with the Government of Canada, whereby, the Province makes advances to a fund administered by the Government of Canada called the Crop Re-Insurance Fund of Canada for Nova Scotia. The purpose of this Fund is to assist the Province of Nova Scotia when there is a requirement by the Province to make advances to the Commission for the payment of crop insurance indemnities. The balance of the non-interest bearing advances on hand in this Fund as at March 31, 1991 was $599,609 (1990 — $556,992). Transactions concerning this Fund are recorded by the Province and are not reflected in the accounting records of the Commission.

There is no Re-insurance Fund for livestock. The Province is responsible for any deficiency in the Livestock Insurance Fund.

5. PUBLIC SERVICE SUPERANNUATION FUND

All full time employees of the Commission are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Commission's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Commission is not responsible for any unfunded liability.

SCHEDULE A

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
PREMIUM REVENUE AND INDEMNITY CLAIMS
FOR THE YEAR ENDING MARCH 31, 1991

	Premium Revenue					Indemnity Claims	
	Farmer	Federal	Provincial	1991	1990	1991	1990
Crop Insurance							
Spring grain	$ 23,404	$ 11,702	$ 11,702	$ 46,808	$ 39,484	$ 71,902	$ 8,332
Winter Grain	8,700	5,989	2,712	17,401	29,868	55,889	19,311
Tree fruit	83,058	42,243	40,815	166,116	173,252	5,510	305,073
Tobacco	28,422	14,211	14,211	56,844	36,224	—	475,055
Corn	24,818	12,409	12,409	49,636	44,476	9,915	9,569
Peas and beans	62,612	31,306	31,306	125,224	116,658	164,907	49,639
Blueberries	30,099	15,050	15,050	60,199	61,826	9,022	8,185
Strawberries	3,606	1,803	1,803	7,212	8,070	2,896	—
Forage	2,383	1,315	1,068	4,766	2,228	3,000	9,000
Soy beans	1,230	615	615	2,460	2,480	—	1,089
Potatoes	14,390	7,195	7,195	28,780	35,826	25,538	17,555
	282,722	**143,838**	**138,886**	**565,446**	**550,392**	**348,579**	**902,808**
Livestock Insurance							
Dairy	34,032	—	—	34,032	35,119	8,600	8,130
Total	**$316,754**	**$143,838**	**$138,886**	**$599,478**	**$585,511**	**$357,179**	**$910,938**

SCHEDULE B

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION
ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 1991

	1991	1990
Salaries and wages	$295,114	$269,800
Travel	42,791	36,740
Professional and special services	37,155	3,900
Supplies and services	29,641	23,481
Other	28,694	26,032
Capital equipment	24,987	—
	$458,382	**$359,953**